

GOVERNMENT OF TELANGANA
ABSTRACT

ITE&C Department - Hyderabad GRID (Growth In Dispersion) Policy - Guidelines of Government of Telangana - Orders – Issued.

**INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS
(Promotions) DEPARTMENT**

G.O.Ms.No.16

Dated:10-12-2020

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Hyderabad, the capital of Telangana, is recognized as one of the leading Information Technology hubs globally. It houses more than 1500 IT/ITES large and small companies.

2. In 2019-20, the total value of IT Exports accounted for Rs.1,28,807 crores with an employment of 5,82,126 professionals. In 2019-20, Telangana's Exports grew at a 17.93% compared to National Average of 8.09% and Rest of the Nation's Average of 6.92%. In other words, Telangana growth is more than double the National Average or more than two and half times the Rest of the Nation. Telangana share of Exports in India grew from 10.61% in (2018-19) to 11.58% (2019-20). Overall share of Telangana in the Indian Export Growth for 2019-20 is 23.53%. The Compounded Annual Growth Rate (CAGR) for IT exports for the last six years is 14.46%.

3. Similarly, Telangana's Employment grew at a 7.2% compared to National Average of 4.93% or Rest of the Nation's Average of 4.59%. Telangana growth rate in employment is about 50% more than the rest of the country. Telangana share of Employment in India grew from 13.06% in (2018-19) to 13.34% (2019-20). Overall share of Telangana in the Indian Employment Growth for 2019-20 is 19.07%. The CAGR for the IT employment for the last six years is 10.29%.

4. The vision of the State Government is to increase the ICT Exports to US\$25 Billion (Rs.1,87,000 Crores) by 2025. In order to realize the aforesaid vision, Government of Telangana has launched sector specific Policies to augment the growth in IT/ITES sector and attract Investments and employment generation. The objective of the Policies is to make Telangana the most preferred technology Investment Destination in the country and to attract niche segments which are fast emerging and evolving new verticals in Technology Sectors.

5. Currently the IT Industry is largely concentrated in the western corridor of the city of Hyderabad (in areas such as Madhapur, Kondapur, Gachibowli, Nanakramguda). With the resurgence of interest among the global investors Community, due to investors friendly and proactive policy measures of the State Government, the IT Industry in the State of Telangana (more specifically Hyderabad) is growing exponentially. It is estimated that, about 30% of the IT Talent pool resides in Eastern part of the city and commutes to Western IT Corridor on a daily basis. Similarly, a large part of the IT workforce resides in

the northern parts of the city including Kompally, Bahadurpally, Bachupally, Dundigal, etc. This has led to overall city congestion and increase in commuting time for the IT employees.

6. In this regard, the Government intends to disperse the IT around the city which will not only decongest the Western corridor and reduce the infrastructural burden, but also makes it convenient for IT workforce to commute to work and reduce the transportation burden on the IT companies. In this regard, the Government is bringing Hyderabad GRID (Growth In Dispersion) Guidelines.

7. During several meetings with the IT Industry and senior Government officials from various Departments such as Finance, ITE&C, Industries, R&B, Police, HMDA, GHMC, HMRL, TSSPDCL, Revenue, Law, TSIIC, etc, various measures were discussed on dispersing IT and ITES establishments around the city. As a result of these interactions, the Hyderabad GRID Guidelines were proposed.

8. The objective of the GRID Policy is to disperse IT around the city and not confine it to Western Corridor (Madhapur, Kondapur, Gachibowli, Kokapet, Ameenpur, Kukatpally) only. In this regard, various Industrial Parks will be identified outside of the Western part of the city for conversion into IT Parks. This will ensure that the Western part of the city which is already facing traffic congestion will not be further congested and the strain on infrastructure is reduced.

9. The Industrial Parks which are inside the ORR or those Industrial Parks which contain core industries, or those industrial parks causing pollution are better suited to be converted into IT Parks. If these industrial parks are converted into IT Parks, it will improve the elevation and the quality of living in the city. In this regard, Government has issued G.O.Ms.No.20, Industries & Commerce Dept, dt:01.03.2013 for shifting of Polluting Industries compulsorily and non-polluting industries optionally from within the ORR to outside the ORR and detailed guidelines were also issued.

10. The following is the list of 11 Industrial Parks that are within the ORR that will be converted into IT Parks:-

1. Industrial Park, Kukatpally
2. Industrial Park, Gandhinagar
3. Industrial Park, Balanagar
4. Industrial Development Area, Uppal
5. Industrial Development Area, Nacharam
6. Industrial Park, Mallapur
7. Industrial Park, Moula Ali
8. Industrial Development Area, Patancheru (Partly)
9. AIE, Ramachandrapuram
10. Industrial Park, Sanathnagar
11. Industrial Development Area, Katedan

In addition, an IT Tower will be created in the Northern part of the city in Kompally and an IT Park will be created in the North Western part of the city in Kollur/Osmannagar as part of dispersing the IT growth in the city.

11. With regard to the development of the IT Park in global standards, a complete plan for re-development will be created in this regard for converting the Industrial Park into an IT Park with modern amenities, green spaces, pedestrian and cycling paths, parking spaces, public transportation and other social infrastructure. For the entities who will need to part some land due to the redevelopment plan towards the amenities, or roads, or public spaces or for any other reason, they will be provided compensation/ TDRs as per the GHMC/ HMDA or other Government norms as applicable.

12. The conversion of various Industrial Parks listed above into IT Parks will be taken up in multiple phases. During the first phase, the following IT Parks will be created as part of promoting IT around the city with Parks chosen from East, North, and South (all directions outside of the West). Also, the areas have been chosen based on the several representations that have come to the IT Dept for creating IT Parks around the city, specifically in the **North** (Kompally area), in the **East** (Uppal / Pocharam/Nacharam area), and the **South** (Shamshabad/Airport area). Keeping that in view, the following IT Parks will be created as part of dispersing IT around city as well as reducing the pollution created by the core industries.

1. Industrial Development Area, Uppal, Pocharam and surrounding areas (East)
2. Industrial Development Area, Nacharam (East)
3. Kompally IT Park (North)
4. Kollur/Osmannagar IT Park (North West)
5. Industrial Development Area, Katedan, Shamshabad and surrounding areas (South)

The remaining Industrial Parks will be taken up under subsequent phases for conversion and planned development.

13. The following are the existing and new IT Clusters in the city of Hyderabad:-

- WEST: Madhapur, Kondapur, Gachibowli, and Kokapet and nearby areas.
- SOUTHWEST: Rajendranagar, Budvel, Kismatpur and nearby areas
- NORTH: Kompally, Bahadurpally, Patancheru, Bowrampet and nearby areas
- NORTHWEST: Kollur, Osmannagar, Tellapur and nearby areas
- SOUTH: Adibhatla, Shamshabad (including GMR Aerocity) and nearby areas
- EAST: Uppal, Pocharam and nearby areas
- CBD: Begumpet, Sanathnagar, Banjara Hills and nearby areas

14. Grid Jurisdiction:

The GRID Guidelines are applicable to the entire HMDA region excluding the Western Cluster. Western Cluster includes the villages of Gachibowli, Kokapet, Madhapur, Raidurg, Puppalguda, Khajaguda, Narsingi, Nanakramguda, Kondapur, Khanamet, Guttala Begumpet, Manikonda, Nallagandla, Gopanapally, Gowlidoddi, etc. In other words, the developed/developing areas for IT/ITES in the Western part of the city are excluded from the GRID incentives. Further, if there is any ambiguity in applicability regarding the region, Consultative Committee on Information Technology Industry (CCITI) constituted under ICT Policy 2016 will authenticate the applicability at the time of application/providing incentives.

15. The following are the categories of initiatives proposed in the GRID Guidelines:-

- i. Unit incentives
- ii. Anchor incentives
- iii. Developer incentives
- iv. Infrastructural Developments
- v. Institutional Measures
- vi. Branding and Promotional activities

(I) Unit Incentives:

Apart from the Incentives offered under ICT Policy 2016, the following are the additional incentives offered under GRID to the IT/ITES Units /Companies:-

- a. The Units eligible for the GRID benefits will be given an automatic power category conversion from commercial to industrial. Such eligible units will be given an additional power subsidy of Rs.2 per unit on the Industrial Power Tariff on a reimbursement basis, for a period of five years, with the total incentive for the unit not exceeding Rs.5 lakhs per year. The Power Subsidy incentive amount will be provided on a reimbursement basis after the completion of each year.
- b. The Units eligible for the GRID benefits will be given a Lease Rental Subsidy of 30% for a period of five years with the total subsidy for the unit not exceeding Rs.10 lakhs per year. The Lease Rental Subsidy will be provided on a reimbursement basis after the completion of each year.

It is to be noted that in the current ICT Policy 2016, for a given SME unit, a lease rental subsidy of 25% is provided for a period of three years with an annual cap of Rs.5 lakhs per year whereas in the GRID Guidelines, for a given IT unit, a lease rental subsidy of 30% is provided for a period of five years with an annual cap of Rs.10 lakhs per year. So under the GRID Guidelines, an additional 5% lease rental subsidy is provided for the IT/ITES units for an additional period of 2 years with an additional cap of Rs.5 lakhs per year over the ICT Policy 2016.

- c. The following Units can apply for benefits or incentives (Power Subsidy and/or Lease Rental Subsidy) under the GRID Guidelines:

- a. Any Unit that is located in an IT Park that is converted under the GRID Guidelines

OR

The Unit is located in an existing IT Park prior to the GRID Guidelines or outside the IT Parks.

- b. The nature of operation of the Unit has to be IT/ITES only.
- c. All the supporting documentation as required in the common application form for incentives as per the ICT Policy 2016 need to be submitted for availing the incentives.

(II) Anchor Incentives:

- a. Any Unit providing employment to more than 500 people in the regions covered under the GRID Guidelines will be considered as an Anchor unit.
- b. A custom/tailor made package of incentives will be offered for such Anchor units being setup both by existing and new IT/ ITES companies within the State (duly approved by the State Cabinet).
- c. The Unit has to create a minimum employment of 500 and in this regard, the Unit has to submit a detailed proposal with the employment and investment projections along with all the other supporting documents.
- d. A custom/tailor made package will be created based on the employment and investment projections by the ITE&C Department and subject to approval of the State Cabinet.
- e. The benefits as detailed in the custom/tailor made package to such Anchor units will be released only after the employment of 500 is reached and retained for a minimum of three years.

(III) Developer Incentives:

Conversion of Industrial lands under TSIIC/ IALA

- a. For Industrial lands under TSIIC/ IALA that are converted to IT/ ITES use, the Developer has to utilize a minimum of 50% of the total built up area towards IT purpose. The Developer can utilize up to 50% for non-IT use. The non-IT built-up area can be utilized for any purpose including commercial and / or residential purpose.
- b. In other words, out of the total built up area, a minimum of 50% has to be utilized for IT/ ITES use. The Developer can choose to exceed the 50% on the IT/ ITES usage.
- c. The Occupancy Certificate (OC) for the non-processing (non-IT) will be issued only upon obtaining an OC for at least an equivalent amount of space for IT/ ITES use.
- d. In case, a Developer is found to violate the usage or any norms after the permissions or OC is obtained, it will result in levying of penalties and recovering of all the incentives that have been granted.
- e. A conversion fee equivalent to 30% of basic registration value in the IDA will be charged on the total extent of the land.
- f. There is a NALA conversion fee associated with lands but in the case of TSIIC/ IALA lands, NALA charges are not applicable.

g. Steps for applying:-

- i.** For Industrial lands located in the TSIIC/IALA region: The IT Infrastructure Developer has to apply for conversion from industrial park to an IT Park with the ITE&C Department.

Upon approval of the application for conversion, the Developer has to approach the TSIIC and pay the conversion charges equivalent to 30% of the basic registration value in the IDA on the total extent of land.

- ii.** For Private lands: For other private lands (non industrial/TSIIC/IALA lands) located in the GHMC or HMDA area, the conversion for land usage (CLU) may be taken up with the corresponding authority (HMDA or GHMC).

Upon obtaining the conversion with the corresponding authority, the Developer can apply with the ITE&C Department for an IT Park status.

- iii.** In both the cases (TSIIC/IALA or private lands converted into IT Park), the Developer has to submit the Detailed Project Report (DPR) to ITE&C Department. The Developer can choose to submit the DPR for the development of IT Park in Phases. The DPR has to meet the following conditions:-

1. The built up area for the IT/ITES should be at least 50% of the total built up space. In other words, the non-IT built up space (residential or commercial) should not exceed 50% of the total built up space. If the Developer is taking up the construction in Phases, the 50% built up space for IT/ITES will be required on a cumulative basis (combining all phases of DPR till date). However, at any given time, the non-IT space cannot exceed the IT/ITES built up space.
2. The IT/ITES and the non-IT built up space have to be segregated in separate blocks. The IT/ITES and non-IT cannot be positioned in the same block even though they are in different floors.
 - a. However, other amenities that are necessary for IT/ITES employees such as the following can be accommodated in the IT/ITES block with a maximum space usage of 5% of total built up area of the block.
 - i. Food Court, Cafe and Restaurant.
 - ii. Health Club/Gym.
 - iii. Medical Centre to be provided with treatment for minor ailments and diagnostic services.
 - iv. Banking & Foreign Exchange Facilities to be made available to tenants in the form of fully functional branches & ATM facilities.
 - v. Freight and Courier Services

- b.** The total built up area for IT/ITES will be computed as the sum of the built up area including parking and amenities of all the IT/ITES Blocks.
 - c.** The total built up area for non-IT will be computed as the sum of the built up area including parking of all the non-IT Blocks.
- 3.** The Parking for IT/ITES and non-IT have to be clearly separated. The entry/exit for the parking areas also have to be clearly separated.
- 4.** IT/ITES and non-IT have to be equipped with separate power connections. The said benefit of Power Category Conversion shall be passed on to the lessee IT companies only in the said IT Park and the said connection should not be utilized at the Cafeteria, ATMs/Banks and other amenities.
- iv.** The Developer after obtaining an approval from the ITE&C Department for the DPR can apply with the corresponding authorities (GHMC/HMDA) for the approval of the plan as per the DPR. The Developer is required to mention in the Proforma regarding the total built up space for the IT /ITES and the non-IT taken up thus far in the current IT Park, and the proposed IT/ITES and the non-IT built up space taken up in the current phase. In the same Proforma, the Developer also has to specify the stage at which the various phases (applied for plan approval/under construction/OC accorded/ Operational)are taken up by the Developer.
- v.** While according the Occupancy Certificate (OC), the corresponding authority (GHMC/HMDA/TSIIC) will ensure that the amount of non-IT space for which the OC is accorded will not exceed the amount of IT/ITES space for which the OC is accorded at any point of time. The Proforma submitted in the Building Plan regarding the total built up space for IT/ITES and non-IT will be verified and ensured that the OC given for total non-IT use at any point will not exceed the total IT usage in cumulative terms.

(IV) Infrastructural Developments:

The ITE&C Department will coordinate with GHMC, TSIIC, HMDA, HRDCL, HMRL, the local IT Industry and other stake holders for constant upgradation of the infrastructure and developments in the GRID Corridors.

(V) Institutional Measures:

The following are the Institutional measures:-

1. Rachakonda Security Council (RKSC), a society in the lines of SCSC (Society for Cyberabad Security Council) is already created to coordinate the various

activities amongst the IT and other Industries in the Eastern Corridor. Commissioner of Police, Rachakonda is the Chairman of the RKSC and CRO, IT Department will be the member in the RKSC Governing Council representing the Government. It will have Governing Council members from the IT and other industrial establishments in the Eastern Corridor.

2. Dedicated Police Station/ a Woman Police Station will be created in the emerging corridors under the GRID Guidelines. In this regard, SHE Teams, SHE shuttles, CCTV Cameras and street surveillance mechanisms, QRT response teams, and Fire Stations will be set up/ enhanced considering the IT growth.

(VI) Branding and Promotion:

The following are the Branding and Promotion initiatives:-

1. IT Department to announce the GRID Guidelines and create enthusiasm among the IT units for setting up and expanding in other areas other than the Western corridor.
2. Publicize North, East, and South as important destinations for IT with availability of quality manpower and ease of transport and availability of excellent social infrastructure.
3. Allocate Promotion budget for popularizing the GRID Corridors.
4. IT Department should actively work to bring in Anchor clients.
5. IT Department should work with Industry bodies such as HYSEA, NASSCOM, CII, etc to organize mini conferences and events in the GRID Corridors.

16. For Existing entities (for IT units and Developers already present and/or operating outside of the west zone):-

- i. Regarding the IT units, incentives are provided only on the additional space taken regarding Power and Lease Rental subsidy.
 - a. The subsidy for power will be provided on a pro-rata basis for the additional space taken. For example, if an existing unit is operating with 10,000 sq.ft and takes up an additional 5000 sq.ft, the unit as per the pro-rata basis will be eligible for $5,000/15,000 = 1/3^{\text{rd}}$ of the units for the GRID benefits.
 - b. Regarding the Lease Rental Subsidy, the subsidy will be provided on a pro-rata basis for the additional space taken. For example, if an existing unit is operating with 10,000 sq.ft and takes up an additional 5000 sq.ft, the unit as per the pro-rata basis will be eligible for $5,000/15,000 = 1/3^{\text{rd}}$ of the total lease rental amount (excluding common area maintenance) for the GRID benefits.
 - c. Anomalies out of mala fide intent will result in disconnection of power, recovery of all incentives and imposing of penalties among other penal actions.

- ii. Regarding Developer benefits, existing IT Parks who already converted from Industrial Parks to IT Parks on a 60:40 ratio can avail the 50:50 ratio on the total built-up space.
 - a. The existing IT Parks who already converted from the Industrial Parks on a 60:40 ratio prior to the GRID Guidelines may continue with the 60:40 ratio as per the earlier Guidelines or Policies that are applicable prior to the GRID Guidelines.
 - b. If the existing IT Parks want to avail the 50:50 ratio as per new GRID Guidelines:
 - i. The total built up area for IT/ITES will be computed as the sum of the built up area including parking and amenities of all the IT/ITES Blocks. The total built up area for non-IT will be computed as the sum of the built up area including parking of all the non-IT Blocks. All the steps and conditions as detailed in Para.11 under Developer Incentives Section, (g) - (iii), (iv)& (v) will apply.

17. The following is the Sunset Clause / Timeline:

- i. Entities (IT Parks/Units/Developers) can apply for the GRID incentives within a 5 year window from the date of the issue of this GRID Guidelines Government Order.
- ii. All entities that applied within the five years window can avail the GRID incentives for a period of five years from the date of application approval.

18. Additionally, the benefits for the Developers will expire when:-

- i. The Sunset Clause/Timeline as mentioned in the above para expires,
(OR)
- ii. 200 acres is converted into IT Parks under GRID Guidelines, whichever is earlier.

19. This Order is issued with the concurrence of the Finance Department

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

**JAYESH RANJAN
PRINCIPAL SECRETARY TO GOVERNMENT**

To

All the Departments of Secretariat

The Metropolitan Commissioner, HMDA, Hyderabad

The Commissioner, Greater Hyderabad Municipal Corporation, Hyderabad

The Vice Chairman and Managing Director, TSIIC, Hyderabad

The Commissioner of Industries, Hyderabad

The Chairman & MD, TSSPDCL/TSNPDCL/ TNREDCL
The Development Commissioner, VSEZ, Hyderabad
The Director, STPI, Hyderabad
The President, HYSEA, Hyderabad
The Regional Director, NASSCOM, Hyderabad
The President, TiE, Hyderabad
The President, FTCCI, Hyderabad
The President, TELMA, Hyderabad

Copy to:

The PS to Hon'ble Minister for IT
The PS to Chief Secretary
SF/SC

// FORWARDED : : BY ORDER //

SECTION OFFICER